



# FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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Docket No. EL07-39-000

NEWS MEDIA CONTACT

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## **FERC Approves Plans to Strengthen New York ICAP Market**

The Federal Energy Regulatory Commission (FERC) has conditionally approved a plan by the New York Independent System Operator Inc. (NYISO) to strengthen mitigation of market power for the installed capacity (ICAP, or in-city) market for New York City.

In the order, issued late Friday, FERC found the NYISO plan to apply price mitigation to sellers that control more than 500 megawatts of capacity in the city a just and reasonable method for mitigating supplier market power while maintaining adequate revenue levels for the suppliers. The order also conditionally accepted NYISO's proposal to address uneconomic entry.

"Our actions in this case demonstrate our continuing commitment to improve markets and strengthen market power mitigation to protect consumers," FERC Chairman Joseph T. Kelliher said. "And by ensuring that suppliers will maintain adequate revenue levels, our actions will ultimately encourage new supplies into the region when they are needed."

The mitigation plan retains the existing ICAP market structure, including the current set of ICAP auctions, is similar to market mitigation plans that the Commission has approved for both the New England ISO and PJM Interconnection Inc. regions.

The order was issued concurrently with a staff report from FERC's Office of Enforcement that closes its investigation of the ICAP market. The Commission had ordered the investigation in July 2007 after allegations were made by various parties to the case that one of the suppliers of capacity had engaged in economic withholding by consistently offering its capacity at its bid cap and therefore had raised prices in the market.

The report states that Enforcement Staff found no evidence any of the generators in the case violated NYISO's service tariff or FERC's anti-manipulation regulations.

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